

**JEFFERSON PERFORMING ARTS SOCIETY**  
**METAIRIE, LOUISIANA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**



**ERICKSEN KRENTEL & LAPORTE<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Jefferson Performing Arts Society

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Jefferson Performing Arts Society (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



To the Board of Directors of  
Jefferson Performing Arts Society

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jefferson Performing Arts Society as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014, on our consideration of Jefferson Performing Arts Society's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson Performing Arts Society's internal control over financial reporting and compliance.

December 10, 2014  
New Orleans, Louisiana

*Erickson, Krentel & Laporte LLP*

Certified Public Accountants

**JEFFERSON PERFORMING ARTS SOCIETY**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b><u>ASSETS:</u></b>		
Cash and cash equivalents	\$ 250,981	\$ 39,804
Accounts receivable	655,640	1,027,394
Prepaid expenses	70,820	102,116
Unconditional promise to give - current	-	16,815
Investments	172,312	155,339
Property and equipment - net	<u>354,053</u>	<u>367,202</u>
 Total assets	 <u>\$ 1,503,806</u>	 <u>\$ 1,708,670</u>
 <b><u>LIABILITIES:</u></b>		
Accounts payable	\$ 17,429	\$ 1,545
Unearned revenue	143,870	244,890
Line of credit	<u>-</u>	<u>24,998</u>
 Total liabilities	 <u>161,299</u>	 <u>271,433</u>
 <b><u>NET ASSETS:</u></b>		
Unrestricted	1,165,395	1,260,689
Temporarily restricted	119,862	119,298
Permanently restricted	<u>57,250</u>	<u>57,250</u>
 Total net assets	 <u>1,342,507</u>	 <u>1,437,237</u>
 Total liabilities and net assets	 <u>\$ 1,503,806</u>	 <u>\$ 1,708,670</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**JEFFERSON PERFORMING ARTS SOCIETY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b><u>SUPPORT AND OTHER REVENUES:</u></b>				
Contributions	\$ 32,132	\$ -	\$ -	\$ 32,132
Grant - Jefferson Parish	100,000	-	-	100,000
Grant - State of Louisiana	355,265	-	-	355,265
Grant - City of Westwego	200,000	-	-	200,000
Grant - City of New Orleans	14,485	4,800	-	19,285
Auto rental tax contribution	487	-	-	487
Program service and event revenue	731,158	-	-	731,158
Investment income, net	-	16,973	-	16,973
	<u>1,433,527</u>	<u>21,773</u>	<u>-</u>	<u>1,455,300</u>
Net assets released from restrictions	<u>21,209</u>	<u>(21,209)</u>	<u>-</u>	<u>-</u>
Total support and other revenues	<u>1,454,736</u>	<u>564</u>	<u>-</u>	<u>1,455,300</u>
<b><u>EXPENSES:</u></b>				
Program services	1,246,975	-	-	1,246,975
Supporting services:				
Management and general	199,156	-	-	199,156
Fundraising	103,899	-	-	103,899
Total expenses	<u>1,550,030</u>	<u>-</u>	<u>-</u>	<u>1,550,030</u>
Change in net assets	<u>(95,294)</u>	<u>564</u>	<u>-</u>	<u>(94,730)</u>
Net assets, beginning of year	<u>1,260,689</u>	<u>119,298</u>	<u>57,250</u>	<u>1,437,237</u>
Net assets, end of year	<u>\$ 1,165,395</u>	<u>\$ 119,862</u>	<u>\$ 57,250</u>	<u>\$ 1,342,507</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**JEFFERSON PERFORMING ARTS SOCIETY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b><u>SUPPORT AND OTHER REVENUES:</u></b>				
Contributions	\$ 72,586	\$ -	\$ -	\$ 72,586
Grant - Jefferson Parish	425,000	-	-	425,000
Grant - State of Louisiana	350,000	-	-	350,000
Grant - City of Westwego	250,000	-	-	250,000
Grant - City of New Orleans	14,681	4,394	-	19,075
Auto rental tax contribution	85,859	-	-	85,859
Program service and event revenue	757,987	-	-	757,987
Investment income, net	-	13,393	-	13,393
	1,956,113	17,787	-	1,973,900
Net assets released from restrictions	99,897	(99,897)	-	-
Total support and other revenues	2,056,010	(82,110)	-	1,973,900
<b><u>EXPENSES:</u></b>				
Program services	1,121,479	-	-	1,121,479
Supporting services:				
Management and general	180,497	-	-	180,497
Fundraising	112,172	-	-	112,172
Total expenses	1,414,148	-	-	1,414,148
Change in net assets before change in value of charitable remainder trust	641,862	(82,110)	-	559,752
Change in value of charitable remainder trust	(73,000)	-	-	(73,000)
Change in net assets	568,862	(82,110)	-	486,752
Net assets, beginning of year	691,827	201,408	57,250	950,485
Net assets, end of year	\$ 1,260,689	\$ 119,298	\$ 57,250	\$ 1,437,237

See accompanying NOTES TO FINANCIAL STATEMENTS

**JEFFERSON PERFORMING ARTS SOCIETY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 352,508	\$ 76,390	\$ 50,483	\$ 479,381
Payroll taxes and employee benefits	58,896	12,763	8,434	80,093
Total salaries and related expenses	411,404	89,153	58,917	559,474
Professional fees and contract services	184,330	15,932	-	200,262
Supplies and materials	69,891	-	3,904	73,795
Telephone	24,951	6,238	-	31,189
Postage and shipping	10,939	-	438	11,377
Occupancy	129,099	32,275	-	161,374
Rental and maintenance of equipment	248,117	30,888	25,872	304,877
Printing, publications, and visual aids	20,297	-	1,626	21,923
Travel, conferences, conventions, and meeting	18,433	3,713	272	22,418
Miscellaneous	20,692	13,054	3,154	36,900
Membership dues	-	5,136	-	5,136
Interest	-	137	-	137
Volunteer expenses	197	-	-	197
Promotion and advertising	71,780	-	9,716	81,496
Credit card fees	26,325	-	-	26,325
Depreciation and amortization	10,520	2,630	-	13,150
Total functional expenses	<u>\$ 1,246,975</u>	<u>\$ 199,156</u>	<u>\$ 103,899</u>	<u>\$ 1,550,030</u>

See accompanying NOTES TO FINANCIAL STATEMENTS



**JEFFERSON PERFORMING ARTS SOCIETY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 369,092	\$ 79,786	\$ 46,250	\$ 495,128
Payroll taxes and employee benefits	55,679	12,036	6,977	74,692
Total salaries and related expenses	424,771	91,822	53,227	569,820
Professional fees and contract services	211,351	17,300	13,588	242,239
Supplies and materials	52,310	-	8,413	60,723
Telephone	23,715	5,929	-	29,644
Postage and shipping	12,104	-	-	12,104
Occupancy	121,057	30,278	54	151,389
Rental and maintenance of equipment	144,045	14,525	24,721	183,291
Printing, publications, and visual aids	19,289	-	-	19,289
Travel, conferences, conventions, and meeting	5,580	1,051	-	6,631
Miscellaneous	18,173	10,105	3,314	31,592
Membership dues	-	3,731	-	3,731
Interest	-	2,940	-	2,940
Volunteer expenses	1,208	-	-	1,208
Promotion and advertising	67,808	-	8,855	76,663
Credit card fees	8,802	-	-	8,802
Depreciation and amortization	11,266	2,816	-	14,082
Total functional expenses	\$ 1,121,479	\$ 180,497	\$ 112,172	\$ 1,414,148

See accompanying NOTES TO FINANCIAL STATEMENTS

**JEFFERSON PERFORMING ARTS SOCIETY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b><u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ (94,730)	\$ 486,752
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Depreciation	13,150	14,082
Amortization of discount on unconditional promises to give	(10,575)	(11,727)
Net unrealized and realized (gains) losses on investments	(13,913)	(9,656)
Change in value of charitable remainder trust	-	73,000
(Increase) decrease in:		
Accounts receivable	371,754	(361,437)
Prepaid expenses	31,296	(83,571)
Unconditional promises to give	27,390	33,000
Increase (decrease) in:		
Accounts payable	15,884	958
Unearned revenue	(101,021)	45,575
Net cash from operating activities	<u>239,235</u>	<u>186,976</u>
<b><u>CASH FLOWS (USED FOR) INVESTING ACTIVITIES:</u></b>		
Purchase of investments	<u>(3,060)</u>	<u>(3,737)</u>
Net cash (used for) investing activities	<u>(3,060)</u>	<u>(3,737)</u>
<b><u>CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES:</u></b>		
Net (repayments) on lines of credit	(24,998)	(140,000)
Principal payments on long-term debt	<u>-</u>	<u>(5,924)</u>
Net cash (used for) financing activities	<u>(24,998)</u>	<u>(145,924)</u>
Net increase in cash and cash equivalents	211,177	37,315
Cash and cash equivalents, beginning of year	<u>39,804</u>	<u>2,489</u>
Cash and cash equivalents, end of year	<u>\$ 250,981</u>	<u>\$ 39,804</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**JEFFERSON PERFORMING ARTS SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 AND 2013**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Jefferson Performing Arts Society (JPAS), a non-profit organization, is one of Louisiana's fastest growing and largest multi-dimensional arts organization. JPAS' mission is to promote arts performance, training, and outreach by providing a diverse range of quality programs that entertain, educate and enrich the cultural and economic vitality of South Louisiana, Mississippi and communities throughout the Gulf South.

JPAS focuses on three main elements:

Performance: JPAS annually provides a wide range of theatrical performances that appeal to many interests and age groups. Most seasons include a selection of grand opera, musical theater, dance and music. JPAS strives to network and partner with national and international artists and companies to bring new and diverse programming to the Southern Region.

Training: JPAS provides performance and technical based training in the arts for all ages with a particular focus on young people.

Outreach: JPAS provides arts education programming in local area schools, as well as access to professional theatrical experiences that align to classroom curricula and Louisiana Content Standards, including Arts Adventure Series, Cultural Crossroads and Stage Without A Theatre. JPAS provides performers, musicians, artistic experiences and expertise to select area events and organizations to enrich the community.

In the fall of 2004, JPAS expanded its outreach to include the west bank of Jefferson Parish through the management of the new Westwego Performing Arts Theatre and the Westwego Community Center, which was re-named Teatro Wego! Theatre. For the 2011-2014 seasons, JPAS continued its outreach to twelve venues in eight cities, five parishes and two states.

**Associated Activities**

JPAS Leading Ladies Guild  
JPAS Broadway Pit Orchestra  
Northshore Harbor Center  
Arts Adventure Series  
JPAS Children's Chorus  
JPAS Symphony Orchestra  
Jefferson Chorale  
JPAS Theatre Wing  
JPAS Opera Theatre  
JPAS Conservatory for the Performing Arts  
JPAS Theatre Kids! Competition Team

Annual Pasta & Puccini Gala  
Cultural Crossroads  
Furhmann Auditorium  
Jefferson Performing Arts Center  
JPAS Broadway Pit Orchestra  
Stage Without a Theatre (SWAT)  
Summer Musical Theatre Intensives  
Teatro Wego! Theatre  
The Maestro's Circle  
Theatre for Young Audiences  
Westwego Performing Arts Theatre

**JEFFERSON PERFORMING ARTS SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014 AND 2013**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting**

The financial statements of JPAS have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

JPAS reports information regarding its financial position and activities according to three classes of net assets:

**Unrestricted Net Assets**

Net assets subject to donor-imposed stipulations.

**Temporarily Restricted Net Assets**

Net assets subject to donor-imposed stipulations that may or will be met either by (a) actions of JPAS, and/or (b) passage of time.

**Permanently Restricted Net Assets**

Net assets subject to donor-imposed stipulations that the principal not be expended, but rather invested to provide a permanent source of income for JPAS.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, JPAS considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Accounts Receivable**

Accounts receivable consist of grants receivable. Management monitors the receivables and assesses the collectability of accounts on a monthly basis. Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

No allowance for doubtful accounts was deemed necessary by management for the years ended June 30, 2014 and 2013.

**JEFFERSON PERFORMING ARTS SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014 AND 2013**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Prepaid Expenses**

The balance in this account consists of amounts paid during each year for performances and events that have not yet occurred.

**Investments**

Investments in marketable securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at fair value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law. Dividend, interest, and other investment income is recorded as increases in unrestricted net assets unless the use is restricted by the donor. Donated investments are recorded at fair value at the date of receipt. JPAS participates in a pooled investment program managed by the Greater New Orleans Foundation.

FASB ASC topic 820, *Fair Value Measurements and Disclosures* emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy; inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data are adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable; therefore requiring JPAS to develop its own assumptions.

**Deferred Revenue**

The balance in this account consists of amounts collected during each year for sponsorships, ticket sales, and summer camp fees to be presented in the following year.

**JEFFERSON PERFORMING ARTS SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014 AND 2013**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

All property, furniture, equipment and leasehold improvements are recorded at cost. It is the policy of JPAS to capitalize all property and equipment with an acquisition cost in excess of \$5,000. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	39 years
Leasehold improvements	10 to 39 years
Equipment and furniture	5 to 7 years

**Contributions and Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Expense Allocation**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on estimates developed by management studies.

**Income Taxes**

JPAS is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is exempt from Louisiana income tax under the authority of R.S. 47:121(5).

JPAS' evaluation as of June 30, 2014 revealed no tax positions that would have a material impact on the financial statements. The 2011 through 2013 tax years remain subject to examination by the IRS. JPAS does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

**JEFFERSON PERFORMING ARTS SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014 AND 2013**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Advertising**

Advertising costs are charged to expenses as incurred. For the years ended June 30, 2014 and 2013, advertising expenses totaled \$81,496 and \$76,663, respectively.

**Subsequent Events**

Subsequent events have been evaluated through December 10, 2014, which is the date the financial statements were available to be issued.

**(2) DONATED FACILITIES AND SERVICES**

**Donated Facilities**

On April 15, 2004, JPAS renewed its lease with Jefferson Parish for office space located at 1118 Clearview Parkway in Metairie, Louisiana. The renewal is for a ten-year period, which ends April 14, 2014, and requires annual rent of \$1. Management estimated the fair value of the rent to be \$33,000 annually. In connection with this lease agreement, JPAS discounted the value of the ten-year term and recorded a temporarily restricted contribution at the beginning of the lease. For the year ended June 30, 2014, net assets released from restriction of \$16,815 and rent expense of \$26,125 were recorded in connection with this lease agreement. For the year ended June 30, 2013, net assets released from restriction of \$11,728 and rent expense of \$33,000 were recorded in connection with this lease agreement.

As of April 15, 2014, JPAS renewed its lease with Jefferson Parish. The renewal is on a yearly basis, following the fiscal year, and the property is provided free of charge. Management estimated the fair value of the rent to be \$33,500. For the year ended June 30, 2014, rent expense of \$6,979 was recorded in connection with this lease agreement.

JPAS entered an agreement with Jefferson Parish School Board, which extends through September 1, 2015, for the use of the auditorium at East Jefferson High School for scheduled performances throughout the fiscal year. The in-kind support includes the use of the facility and all costs and expenses associated with the use of the facility by JPAS for any and all scheduled events. No rent is paid by JPAS under this agreement and the amount of the support is not readily determinable on an annual basis. No amounts for such support have been recognized in the accompanying Statement of Activities as the criteria for recognition have not been satisfied.

JPAS also entered an agreement with the City of Westwego, which extends through September 1, 2015, for the use of the theatre at the Westwego Performing Arts Center for scheduled performances throughout the fiscal year. The in-kind support includes the use of the facility and all costs and expenses associated with the use of the facility by JPAS for any and all scheduled events. No rent is paid by JPAS under this agreement and the amount of the support is not readily determinable on an annual basis. No amounts for such support have been recognized in the accompanying Statement of Activities as the criteria for recognition have not been satisfied.

**JEFFERSON PERFORMING ARTS SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014 AND 2013**

**(2) DONATED FACILITIES AND SERVICES (CONTINUED)**

**Donated Services**

A substantial number of volunteers have donated their time and services to JPAS for fundraising and program activities. No amounts are reflected in the accompanying financial statements for such services as they do not meet the criteria for recognition under FASB ASC 958-605-50-1, *Accounting for Contributions Received and Contributions Made*.

**(3) UNCONDITIONAL PROMISE TO GIVE**

Unconditional promise to give consists of the net present value of the lease agreement with Jefferson Parish for office space located at 1118 Clearview Parkway, Metairie, Louisiana, as stated in Note 2.

This unconditional promise to give is as follows at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Receivable in less than one year	\$ -	\$ 27,390
Total unconditional promise to give	-	27,390
Less discounts to net present value	-	(10,575)
Net unconditional promise to give	<u>\$ -</u>	<u>\$ 16,815</u>

**(4) INVESTMENTS**

Investments are stated at market value and consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Greater New Orleans Foundation		
Investment Pool	\$ 93,400	\$ 84,150
Morgan Stanley		
Money Market	3,037	1,810
Equity Securities	52,214	49,467
Mutual Funds	<u>23,661</u>	<u>19,912</u>
	<u>\$ 172,312</u>	<u>\$ 155,339</u>

The investment pool, which is managed by the Greater New Orleans Foundation (GNOF), consists of equity, fixed income, money market funds and other investments determined by GNOF.



**JEFFERSON PERFORMING ARTS SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014 AND 2013**

**(4) INVESTMENTS (CONTINUED)**

The following schedule summarizes the investment return classified as temporarily restricted in the Statement of Activities for the year ended June 30:

	<u>2014</u>	<u>2013</u>
Interests and dividends	\$ 3,602	\$ 4,239
Realized gains	2,536	1,302
Unrealized gains	11,377	8,354
Investment fees	<u>(542)</u>	<u>(502)</u>
	<u>\$ 16,973</u>	<u>\$ 13,393</u>

**(5) FAIR VALUE OF FINANCIAL INSTRUMENTS**

In accordance with FASB ASC topic 820, *Fair Value Measurements and Disclosures*, the fair value of these assets and investments are categorized based on the fair value hierarchy. See Note 1 for a description of JPAS' policies and valuation procedures.

An investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

JPAS' measurements of fair value are made on a recurring basis, and their valuation techniques for assets recorded at fair value are as follows:

Investment pool – Fair value is determined by reference to values provided by the fund management, which are indirectly observable or unobservable.

Money market – Fair value approximates cost basis.

Equity securities and mutual funds – Fair value is determined by quoted market prices, when available, or market prices provided by recognized broker dealers.

The following table sets forth by level, within the fair value hierarchy, JPAS' assets at fair value as of June 30, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Investment Pool	\$ 24,754	\$ 58,900	\$ 9,746	\$ 93,400
Money Market	3,037	-	-	3,037
Equity Securities	52,214	-	-	52,214
Mutual Funds	<u>23,661</u>	<u>-</u>	<u>-</u>	<u>23,661</u>
Total	<u>\$ 103,666</u>	<u>\$ 58,900</u>	<u>\$ 9,746</u>	<u>\$ 172,312</u>

**JEFFERSON PERFORMING ARTS SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014 AND 2013**

**(5) FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The following table sets forth by level, within the fair value hierarchy, JPAS' assets at fair value as of June 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Investment Pool	\$ 26,645	\$ 46,741	\$ 10,764	\$ 84,150
Money Market	1,810	-	-	1,810
Equity Securities	49,467	-	-	49,467
Mutual Funds	<u>19,912</u>	<u>-</u>	<u>-</u>	<u>19,912</u>
Total	<u>\$ 97,834</u>	<u>\$ 46,741</u>	<u>\$ 10,764</u>	<u>\$ 155,339</u>

The following table sets forth a summary of changes in the fair value of the plan's level 3 assets for the year ended June 30:

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 10,764	\$ 11,684
Purchases, sales, issuances and settlements (net)	<u>(1,018)</u>	<u>(920)</u>
Balance, end of year	<u>\$ 9,746</u>	<u>\$ 10,764</u>

**(6) PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30:

	<u>2014</u>	<u>2013</u>
Building	\$ 250,734	\$ 250,734
Leasehold improvements	85,878	85,878
Equipment and furniture	<u>459,464</u>	<u>459,464</u>
	796,076	796,076
Less: accumulated depreciation	<u>(554,364)</u>	<u>(541,215)</u>
	241,712	254,861
Land	<u>112,341</u>	<u>112,341</u>
Total	<u>\$ 354,053</u>	<u>\$ 367,202</u>

Depreciation expense totaled \$13,150 and \$14,082 for the years ended June 30, 2014 and 2013, respectively.

**JEFFERSON PERFORMING ARTS SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014 AND 2013**

**(7) BENEFICIAL INTERESTS IN REMAINDER TRUST**

JPAS has a one-eighth interest in the NIMS irrevocable trust. The trust owns two pieces of real estate. Upon evaluation of the trust at June 30, 2013, management determined that the trust was terminated. This determination resulted in a change in value of the charitable remainder trust of \$73,000, which is reflected in the accompanying Statement of Activities for the year ended June 30, 2013.

**(8) LINE OF CREDIT**

JPAS has a line of credit with Capital One Bank, which provides short-term borrowings up to \$100,000. Interest and principle on advances is payable monthly at the prime rate plus 1%. The outstanding balance at June 30, 2014 and 2013 is \$- and \$24,998, respectively.

JPAS has a line of credit with FNBC, which provides short-term borrowings up to \$300,000. Interest and principle on advances is payable monthly at the rate of 3.25%. There was no outstanding balance at June 30, 2014 or 2013.

**(9) NET ASSETS**

**Temporarily Restricted**

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2014</u>	<u>2013</u>
Board-designated endowment fund	\$ 46,070	\$ 46,070
Endowment investment income	68,992	52,019
Jefferson Parish building rental	-	16,815
Arts Council grant	<u>4,800</u>	<u>4,394</u>
	<u>\$ 119,862</u>	<u>\$ 119,298</u>

**Permanently Restricted**

Net assets were permanently restricted for the formation of an endowment fund. The purpose of the endowment fund is to provide a perpetual source of money to assure the future growth and health of Jefferson Performing Arts Society as stated in Note 11. At June 30, 2014 and 2013, permanently restricted net assets totaled \$57,250.

**JEFFERSON PERFORMING ARTS SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014 AND 2013**

**(9) NET ASSETS (CONTINUED)**

**Released from Restriction**

Temporarily restricted net assets were released from restrictions for the following purposes during the year ended June 30:

	<u>2014</u>	<u>2013</u>
Jefferson Parish building rental	\$ 16,815	\$ 21,272
Arts Council grant	<u>4,394</u>	<u>5,625</u>
 Total	 <u>\$ 21,209</u>	 <u>\$ 99,897</u>

**(10) ENDOWMENT FUNDS**

*The Endowments.* JPAS' endowment consists of two funds established for a variety of purposes. Its endowment includes permanently restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law.* The Board of Directors of JPAS has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, JPAS classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by JPAS in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, JPAS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of JPAS, (7) and JPAS' investment policies.

**JEFFERSON PERFORMING ARTS SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014 AND 2013**

**(10) ENDOWMENT FUNDS (CONTINUED)**

**Return Objectives and Risk Parameters**

JPAS has adopted investment and spending policies for endowment assets that attempt to grow the fund in order to eventually provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. JPAS seeks to build endowment assets through additional contributions.

**Spending Policies**

JPAS has a policy of appropriating for distribution when needed the endowment fund's investment income that is not permanently restricted, and JPAS generally expends the endowment fund's investment income for the programs supported by the endowment. The current spending policy is expected to allow the JPAS' endowment fund to grow as a result of investment returns. This is consistent with JPAS' objectives to provide income for its programs supported by the endowment, preserve endowment assets without subjecting them to substantial risk, and provide additional real growth through new gifts. As such, the board expects spending to be minimal as to allow for growth through investment return.

Endowment net asset composition by type of fund as of June 30, 2014 is as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted funds	\$ 36,150	\$ 57,250	\$ 93,400
Board-designated funds	<u>78,912</u>	<u>-</u>	<u>78,912</u>
	<u>\$ 115,062</u>	<u>\$ 57,250</u>	<u>\$ 172,312</u>

Change in endowment net assets as of June 30, 2014 is as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 98,089	\$ 57,250	\$ 155,339
Investment income	3,602	-	3,602
Net appreciation	13,913	-	13,913
Amounts appropriated for expenditure	<u>(542)</u>	<u>-</u>	<u>(542)</u>
Endowment net assets, end of year	<u>\$ 115,062</u>	<u>\$ 57,250</u>	<u>\$ 172,312</u>

**JEFFERSON PERFORMING ARTS SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014 AND 2013**

**(10) ENDOWMENT FUNDS (CONTINUED)**

Endowment net asset composition by type of fund as of June 30, 2013 is as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted funds	\$ 26,900	\$ 57,250	\$ 84,150
Board-designated funds	<u>71,189</u>	<u>-</u>	<u>71,189</u>
	<u>\$ 98,089</u>	<u>\$ 57,250</u>	<u>\$ 155,339</u>

Change in endowment net assets as of June 30, 2013 is as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 84,696	\$ 57,250	\$ 141,946
Investment income	5,541	-	5,541
Net appreciation	8,354	-	8,354
Amounts appropriated for expenditure	<u>(502)</u>	<u>-</u>	<u>(502)</u>
Endowment net assets, end of year	<u>\$ 98,089</u>	<u>\$ 57,250</u>	<u>\$ 155,339</u>

**(11) BOARD OF DIRECTORS COMPENSATION**

The Board of Directors is a voluntary board; therefore no compensation was paid to any board member during the years ended June 30, 2014 and 2013.

**(12) CONCENTRATIONS OF CREDIT RISK**

JPAS maintains its cash and cash equivalents in various financial institutions in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On June 30, 2014 and 2013, JPAS had no cash balances in excess of FDIC insured limits. The cash balances, at times, may exceed federally insured limits. JPAS has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

JPAS' support through State and Parish grants represent 46% and 57% of total support earned for the years ended June 30, 2014 and 2013, respectively.

**JEFFERSON PERFORMING ARTS SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014 AND 2013**

**(13) SUPPLEMENTAL CASH FLOW INFORMATION**

Cash paid for interest during the years ended June 30, 2014 and 2013 was \$137 and \$2,940, respectively.

**(14) RECLASSIFICATIONS**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Jefferson Performing Arts Society

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jefferson Performing Arts Society (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Jefferson Performing Arts Society's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jefferson Performing Arts Society's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.





To the Board of Directors of  
Jefferson Performing Arts Society

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Jefferson Performing Arts Society's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose and is intended solely for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 10, 2014  
New Orleans, Louisiana

*Erickson, Krentel & Laporte LLP*

Certified Public Accountants

**JEFFERSON PERFORMING ARTS SOCIETY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**SECTION I SUMMARY OF AUDITORS' REPORTS**

1. The auditors' report expresses an unmodified opinion on the financial statements of Jefferson Performing Arts Society.
2. No significant deficiencies disclosed during the the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Jefferson Performing Arts Society were reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
4. A management letter was not issued for the year ended June 30, 2014.

**SECTION II FINANCIAL STATEMENT FINDINGS**

None

**JEFFERSON PERFORMING ARTS SOCIETY**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

**2013-001 Lack of Documentation over Cash Receipts**

Our audit procedures identified a lack of control in the receiving, depositing and recording of cash receipts. JPAS did not require the retention of supporting documentation of cash receipts related to sponsorships and donations. Without this supporting documentation, it is difficult for the accounting department to determine whether the receipts are properly recorded as revenue or deferred revenue, and whether these funds are maintained in accordance with any donor restrictions.

This matter has been resolved.

**2013-002 Compliance Audit Performed by Jefferson Parish**

The Jefferson Parish Internal Audit Department performed a compliance audit on the books and records of JPAS and issued an Internal Audit Report dated January 30, 2013. This report determined that because of the lack of internal controls in place at JPAS, it could not be assured that public funds provided by Jefferson Parish are being utilized properly and efficiently and that fraud is not occurring. The Internal Audit Department performed a follow-up audit and issued its report on May 15, 2013. This follow-up report, noted that all findings from its previous report had been resolved to its satisfaction and no additional management responses were required.

This matter has been resolved.